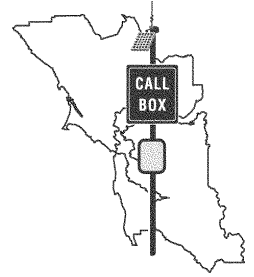




# Memorandum

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TO: Operations Committee

DATE: July 3, 2008

FR: Deputy Executive Director, Policy

W.I.: 1232

RE: Contract Amendments – Freeway Service Patrol: Tow Contractors

## Background

MTC SAFE operates the Bay Area Freeway Service Patrol (FSP) program in partnership with the California Highway Patrol and Caltrans. The program deploys 83 tow trucks on 37 beats, and covers over 534 miles of highways, providing an essential service to improve motorist safety and reduce the effects of incident-related congestion. Staff is requesting approval to amend all contracts in an amount not to exceed a total of \$98,224 to account for the unprecedented rise in diesel fuel costs.

## Proposed Contract Amendments

Due to the unexpected rapid increase in fuel prices, the current hourly rate used to reimburse tow operators is far below the actual cost of the service. When all tow contracts were last re-negotiated, hourly rates were based on a diesel fuel cost of \$3.53 per gallon. The contracts include a provision to automatically increase the rates if the average diesel fuel costs increased by 30 percent (to \$4.59 per gallon) and that price was sustained for a 60-day period. These thresholds were reached recently, and FSP tow contractors are now being paid at the higher rate.

Diesel fuel costs have continued to increase, however, and are already well past the 30 percent threshold established in the existing contracts. At this time, the average cost is approximately \$5.29 per gallon, which creates a significant financial hardship for our tow contractors. The FSP Technical Advisory Committee, including staff from MTC SAFE, the California Highway Patrol and Caltrans, recommended that all tow contracts be amended to reflect the latest fuel cost estimate.

Provisions would be incorporated into contract amendments that would allow for upward or downward adjustments in the hourly rates, should the price of fuel increase or decrease by 20% for 30 consecutive days. This would enable the program to accommodate further sustained diesel cost increases, as well as cost reductions that may occur. If approved by this Committee, the resulting new hourly rates will take effect retroactively to July 1, 2008 through the end of each contract. The attached table lists all the current and proposed payments associated with providing tow services per beat per year. The adopted MTC SAFE 2008/09 budget includes sufficient funds to accommodate this cost increase.

**Recommendation**

Staff recommends that the Committee authorize the Executive Director or his designee to negotiate and enter into contract amendments with all the tow contractors, in the amounts listed in the attached table, in a total amount not to exceed \$9,830,543.

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Therese W. McMillan

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Funding Agreement

Work Item No.:	1232
Agency:	All FSP Tow Contractors
Project Title:	FSP Tow Services
Purpose of Project:	Provide motorist aid tow services throughout the Region
Brief Scope of Work:	Amend all FSP contracts to reflect new service hourly rates
Project Cost Not to Exceed:	\$98,224 this amendment (\$9,732,319 previous total contract amount)
Funding Source:	CMAQ and SAFE Funds
Fiscal Impact:	Funding to come from state and federal funds programmed for the FSP program and included in 2008-09 FSP capital budget
Motion by Committee:	That the Executive Director or his designee is authorized to negotiate and enter into contract amendments with all the tow contractors.
Operations Committee:	
	<hr/>
	Sue Lempert, Chair
Approved:	Date: July 11, 2008

**Annual Tow Costs Per Beat**

<b>Names</b>	<b>Beat #</b>	<b>Current Contract Maximum Amount Per year</b>	<b>Amended Contract Maximum Amount Per Year</b>
All Ways Tow and Transport	14	\$235,456	\$245,857
	18	\$233,058	\$242,476
A-One Towing	2	\$367,359	\$385,144
	26	\$135,866	\$142,342
B & A Bodyworks and Towing	11	\$339,176	\$347,913
B & D Towing	25	\$335,509	\$346,097
Bill's Towing	13	\$230,075	\$415,590
	28	\$96,222	\$102,120
Campbell's Towing	8	\$436,435	\$438,372
	9	\$460,436	\$472,200
	23	\$204,484	\$215,115
	31	\$204,011	\$218,289
Dick's Automotive	32	\$173,749	\$186,084
K & S Towing	5	\$365,127	\$369,335
Ken Bett's Towing	12	\$266,693	\$284,228
	36	\$120,132	\$128,264
Lima Towing	16	\$115,712	\$124,200
	19	\$241,918	\$257,260
Matos Tow and Transport	21	\$341,732	\$344,457
Nelson's Tow	20	\$156,767	\$158,562
	30	\$196,940	\$205,632
Palace Garage	3	\$257,748	\$271,782
	4	\$376,158	\$391,160
	22	\$380,168	\$391,499
	27	\$318,325	\$319,031
	35	\$112,888	\$118,367
Redhill Towing & Auto Body <sup>a</sup>	1	\$292,639	\$300,137
	7	\$387,929	
Roadrunner Towing	24	\$333,940	\$343,754
	29	\$333,940	\$343,754
Sierra Hart	17	\$238,836	\$255,397
Sunrise Enterprise	10	\$312,062	\$318,181
Vacaville Tow	34	\$452,626	\$483,256
	37	\$452,626	\$483,256
Yarbrough Brothers Towing <sup>a</sup>	15	\$86,125	\$181,432
	33	\$139,450	\$0
		<u>\$9,732,319</u>	<u>\$9,830,543</u>

Note (a): Prior Commission Action consolidated Beat 7 with Beat 13 and Beat 33 with Beat 15